



USDA Foreign Agricultural Service

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Malaysia

Sugar

Annual

2004

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Report Highlights:

Total Malaysian cane production is expected to drop to 800 TMT in 2004 due to a reduction in planted area. Domestic sugar consumption should rebound in response to increased demand from consumers and refiners. The outlook for imports is bright with an expected 4% growth in 2004. Exports of refined sugar to neighboring countries continued to show an-trend in recent years.

Includes PSD Changes: Yes

Includes Trade Matrix: Yes

Annual Report

Kuala Lumpur [MY1]

[MY]

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Executive Summary

Due to a restructuring exercise, planted area and cane output were reduced in 2003 and 2004. Post expects cane output to stabilize in 2005.

Domestic sugar consumption dropped 1.2 percent in 2003, apparently due to the negative impact caused by the Severe Acute Respiratory Syndrome (SARS) outbreak during the first half of 2003. The decline in tourist arrivals and the suspension of conventions/meetings took a toll on sugar consumption. Post expects domestic consumption to rebound 4 % in CY2004. Wholesale and retail prices for sugar are controlled and remain unchanged since December, 2000.

According to Malaysian import statistics, the average unit value of raw sugar (95-98 degree Polarization) purchased from Thailand in the free market was RM669 (US\$176)/ton in CY2003 compared to RM648 (US\$170)/ton in CY2002.

Malaysia is less than 10 percent self-sufficient in domestic sugar production. Malaysia's raw sugar imports from Thailand recorded a 58% growth while Brazil's imports plummeted by 59% in 2003. Imports from Australia dropped 10% but still dominated 48 percent of the market. Post expects sugar imports to reach 1.5 MMT in 2004. The growth in imports is likely to be sustained in view of a reduction in domestic sugar output and the good prospect of an expansion in the food-processing sector.

Exports of refined sugar dropped 1.7 percent in 2003. Declines in exports to the Philippines and Indonesia more than offset an increase in shipments to Australia and Singapore. Post expects Malaysian total sugar exports to be in the ballpark of 450-500 TMT for the next two years.

Domestic Market Controls

The GOM does not issue production quotas. Through guaranteed support prices, the three integrated mills are assured of comfortable returns.

Import Controls

Imports are controlled by import licenses. The GOM also ensures that a fair amount of raw sugar imports is allocated to each of the 3 integrated and 2 non-integrated mills. All raw and refined sugar are not subject to import tariff.

Export Support

The GOM controls exports through licensing. On rare occasions, the GOM had stopped issuing export licenses in order to ensure adequate supply within the country.

Non-transparent Support

The GOM does not give financial aid or indirect long-term support. Two companies folded 20 years ago and the GOM generally discourages new sugar venture(s) in the country.

Exchange Rate: Pegged at RM3.799 to US\$1.00 since 1998.

PSD Table: Sugar Cane for Centrifugal

PSD Table						
Country	Malaysia					
Commodity	Sugar Cane for Centrifugal			(1000 HA)(1000 MT)		
	2003	Revised	2004	Estimate	2005	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		01/2003		01/2004		01/2005
Area Planted	22	17	0	16	0	16
Area Harvested	17	13	0	12	0	12
Production	1140	870	0	800	0	800
TOTAL SUPPLY	1140	870	0	800	0	800
Utilization for Sugar	1140	870	0	800	0	800
Utilizatr for Alcohol	0	0	0	0	0	0
TOTAL UTILIZATION	1140	870	0	800	0	800

PSD Table: Centrifugal Sugar

PSD Table						
Country	Malaysia					
Commodity	Centrifugal Sugar			(1000 MT)		
	2003	Revised	2004	Estimate	2005	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		01/2003		01/2004		01/2005
Beginning Stocks	120	120	137	130	147	145
Beet Sugar Production	0	0	0	0	0	0
Cane Sugar Production	87	87	80	80	0	80
TOTAL Sugar Production	87	87	80	80	0	80
Raw Imports	1470	1406	1580	1500	0	1595
Refined Imp.(Raw Val)	0	0	0	0	0	0
TOTAL Imports	1470	1406	1580	1500	0	1595
TOTAL SUPPLY	1677	1613	1797	1710	147	1820
Raw Exports	0	0	0	0	0	0
Refined Exp.(Raw Val)	400	411	450	450	0	500
TOTAL EXPORTS	400	411	450	450	0	500
Human Dom. Consumption	1140	1072	1200	1115	0	1170
Other Disappearance	0	0	0	0	0	0
Total Disappearance	1140	1072	1200	1115	0	1170
Ending Stocks	137	130	147	145	0	150
TOTAL DISTRIBUTION	1677	1613	1797	1710	0	1820

Imports Trade Matrix: Centrifugal Sugar

Import Trade Matrix			
Country	Malaysia		
Commodity	Centrifugal Sugar		
Time Period	Jan-Dec	Units:	1000MT
Imports for:	2002		2003
U.S.		U.S.	
Others		Others	
Australia	752	Australia	675
Brazil	286	Thailand	452
Thailand	190	Brazil	117
South Africa	91	Guatemala	84
Guatemala	37	South Africa	45
Cuba	25	Belize	32
India	2	China	1
China	2		
Total for Others	1385		1406
Others not Listed			
Grand Total	1385		1406

Export Trade Matrix: Centrifugal Sugar

Export Trade Matrix			
Country	Malaysia		
Commodity	Centrifugal Sugar		
Time Period	Jan-Dec	Units:	1000MT
Exports for:	2002		2003
U.S.		U.S.	
Others		Others	
Indonesia	268	Indonesia	266
Singapore	94	Singapore	105
Philippines	35	Philippines	17
New Zealand	13	New Zealand	13
Hong Kong	3	Australia	7
Sri Lanka	2	Hong Kong	2
China	2	Cambodia	1
Cambodia	1		
Total for Others	418		411
Others not Listed	2		
Grand Total	420		411